

Department of Social and Health Services

DP Code/Title: M2-FB County Legal-Clerk Reimbursement

Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

The state's County Clerks provide essential services necessary for the complete implementation of the statewide Child Support Enforcement Program. Previous budgeting and billing methodologies have been deemed inadequate by the federal Office of Child Support Enforcement (OCSE). This represents a collaborative effort between the Division of Child Support (DCS) and the Washington State Association of County Clerks (WSACC) to implement a new billing methodology that more accurately identifies the actual costs of these services.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060			
001-1 General Fund - Basic Account-State	2,355,000	2,355,000	4,710,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	4,571,000	4,571,000	9,142,000
Total Cost	6,926,000	6,926,000	13,852,000

Staffing

Package Description:

Washington State's separately elected and appointed County Clerks provide mandatory support to the Department of Social and Health Services (DSHS) Division of Child Support (DCS). The County Clerks process over 2.3 million pleadings per year on new and existing child support related cases, which accounts for over 38 percent of all pleadings filed.

In 1995 the OCSE conducted an audit of selected costs claimed by the state of Washington DCS for operating the Child Support program. In that audit, OCSE recognized that the County Clerks were using a billing methodology that was out-of-date. The OCSE recommended that DCS develop and implement a new billing methodology that more accurately reflected costs to the County Clerks for assisting with the implementation of the state's Child Support Enforcement Program.

During 2001, DCS representatives met with WSACC and determined that a new billing methodology was needed. Both parties agreed that the billing methodology should be based upon a representative number of total pleadings filed in each office. An independent third-party contractor was hired to develop the new methodology and to provide regional training.

The new billing methodology will allow for more accurate forecasts of future costs, budget impacts, and revenues (for the County Clerks) and will ensure consistent application across the state's 39 counties. Implementation of the new billing methodology began January 1, 2002, with full implementation anticipated by the end of the calendar year.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request will ensure that direct child support enforcement services continue to be provided by the state's County Clerks. Adequate funding to direct service providers, such as the County Clerks, will ensure that child support orders are filed in a timely manner and will reduce the time that custodial parents and children have to wait before receiving their first payment. In addition, the faster orders are filed, the higher the likelihood that non-custodial parents can be located. This will increase the odds of payment being made.

This proposal directly supports the following performance measures:

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Performance Measure Detail

Program: 060

Goal: 01F Help people achieve self-sufficiency.

No measures submitted for package

Incremental Changes

FY 1

FY 2

Goal: 02A Safeguard and improve the well-being of children.

No measures submitted for package

Incremental Changes

FY 1

FY 2

Goal: 02F Maintain safety net for people in need.

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

In 1995, the federal OCSE conducted an audit of the costs submitted by Washington State DCS for reimbursement associated with the implementation of the statewide Child Support Enforcement Program. OCSE recommended that DCS develop a new methodology for reimbursing costs associated with the services provided by the state's County Clerks.

Through a collaborative effort with the WSACC, DCS is submitting this package in order to more accurately reimburse the Clerks Offices for their essential role in the implementation of the federally mandated Child Support Enforcement Program.

Impact on clients and services:

DCS currently reimburses the state's County Clerks approximately \$4.0 million per year.

Additional funds will enable the County Clerks to continue to keep up with the increasing number and complexity of child support pleadings filed each year. In 2001, 7.4 million pleadings were filed in Washington State, of which over 2.3 million were domestic in nature.

The WSACC fully supports the new budget and billing methodology that has been developed.

Impact on other state programs:

Not applicable

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

DCS and WSACC discussed the alternative of using new case filings as the base for cost determination. After much discussion, it was determined that using new case filings was not an adequate proxy for measuring the workload associated with child support enforcement activities.

Budget impacts in future biennia:

It is anticipated that the biennial cost to implement this approach is approximately \$13.9 million (\$4.7 million GF-S, \$9.2

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million GF-F).

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

If funding is not provided, the state will be out of compliance with the recommendation of the OSCE audit team thereby increasing the risk of future financial audit findings. In addition, non-funding may weaken the collaborative relationship built during the development of the new methodology.

Non-funding may also impede the County Clerks' ability to process child support orders in a timely manner, which will result in lost collections, and reduce the amount of money going to children and the amount of support retained by the state for TANF grant benefits.

Expenditure Calculations and Assumptions:

DCS is currently funded to reimburse County Clerks as follows:

	FY 02	FY 03	Total
GF-S	\$ 1,347,000	\$ 1,347,000	\$ 2,694,000
GF-F	\$ 2,616,000	\$ 2,616,000	\$ 5,232,000
	\$ 3,963,000	\$ 3,963,000	\$ 7,926,000

Total Funds needed to implement new billing methodology:

	FY 04	FY 05	Total
GF-S	\$ 3,702,000	\$ 3,702,000	\$ 7,404,000
GF-F	\$ 7,187,000	\$ 7,187,000	\$ 14,374,000
	\$ 10,889,000	\$ 10,889,000	\$ 21,778,000

DCS request for additional funding:

	FY 04	FY 05	Total
GF-S	\$ 2,355,000	\$ 2,355,000	\$ 4,710,000
GF-F	\$ 4,571,000	\$ 4,571,000	\$ 9,142,000
Total	\$ 6,926,000	\$ 6,926,000	\$ 13,852,000

Object Detail

Program 060 Objects

E Goods And Services

FY 1

FY 2

Total

6,926,000

6,926,000

13,852,000

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DSHS Source Code Detail

Program 060		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	2,355,000	2,355,000	4,710,000
<i>Total for Fund 001-1</i>		2,355,000	2,355,000	4,710,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi				
<u>Sources</u>	<u>Title</u>			
563I	Title IV-D Child Support Enforcement (A) (66%)	4,571,000	4,571,000	9,142,000
<i>Total for Fund 001-A</i>		4,571,000	4,571,000	9,142,000
Total Program 060		6,926,000	6,926,000	13,852,000